

LaDonna Huff <lhuff@caowny.org>

Mon, Mar 25,
1:46 PM

to mspina@buffnews.com, mpasciak@buffnews.com, wcolville@buffnews.com,
kwalter@buffnews.com, dbracely@buffnews.com, dgee@buffnews.com

March 25, 2019

Mr. Spina and Ms. Pasciak,

We appreciate you including in your story of March 20 some of the facts that we've provided you. We are less sanguine about the editorial of March 21, which simply regurgitates the same narrative that we've demonstrated to you repeatedly is incorrect, unethical and biased. We realize you do not write the editorials, however, so we've copied this to those who do.

To your arrogant scolding in print about not sitting with you for an interview: Is that something that's in my job description, or that someone says somewhere I must do? It has everything to do with trust. To date, we do not trust you to write stories that are ethical or that fully disclose all the facts -- or even write both sides about the same facts. And while it's helpful that in the digital versions of your story you include links to documents we've furnished, the percentage of your readers who look at those is minuscule. While your editorial writers may try to claim that the News *is* "the media," and that we have not sat down with "*the media*," this is simply another of your inaccuracies. When "the media" is properly defined, the truth is we've sat down for interviews with or have agreed to do so with The Challenger, Business First, and Ch. 2. Why? Because we trust them to get it right.

To the litany of your stubborn errors:

1. The Buffalo News has yet to report the findings of the CAO's latest financial audit. This is a crucial, and obviously purposeful, omission because the paper hung its whole "indictment" of me and the CAO on supposed financial mismanagement.

Here is the first paragraph of your first story, which even you must admit is largely fiction at this point:

L. Nathan Hare, the chief executive for one of the region's best-known human services agencies, was fired in October by board directors who felt he mishandled important financial matters. The directors then hired a forensic accountant to examine the books.

If mismanagement of important financial matters were the case, let's look at what an actual -- as opposed to fictional -- audit says! This was done and released to the public and the media March 11 and shared with the board, the New York Department of State and others in February. Here we are two weeks later and your readers still think we tried to stop a non-existent audit. Are the inconvenient truths therein contradicting your narrative that somehow the CAO was mismanaged and removed board members to cover that up? And that it took a "connected" lawyer and our city's mayor to "save" my job? Let's look at the audit! If CAO were mismanaged, the multiple agencies we deal with daily -- and have kept informed every step of the way -- would have said so, *but they have not*. Finally, after extensive discussions with the accounting firm that the two renegade board members discussed an audit with and that they illegally [see lack of an RFP comments below] duped, we reiterate to you that no audit

commenced, and therefore no audit was halted. Therefore, clearly, a major premise of your reporting is false.

2. Your story said Health and Human Services “has launched a review of agency audits and board meeting minutes.” The editorial then throws a fistful of agencies into some sort of investigation. No HHS officials suddenly “launched” a review of our audits -- *because they already receive them*. We had a conference call with them *last week*. Board minutes have been provided, and as a matter of procedure, committee and board minutes are provided regularly, as items pertain to HHS grants arise. Again, we realize this conflicts with the narrative of your “Watchdog” journalism, ferreting out malfeasance and evil. You want readers to think that HHS just woke up, after your reports, and came after CAO. Not true. And, in an ethical newspaper, this would merit a correction, at least.

3. In the same leaky vein, you make it sound like the Department of State is somehow investigating CAO -- due to your stories -- when we've told you repeatedly that CAO has kept DOS fully informed of everything that happened -- including before the board action on Jan. 7 your stories erroneously said didn't happen. DOS officials attended our board's executive committee meeting last Thursday. Did they inform us they'd suddenly started an investigation? Of course not. They continued to work with us routinely and professionally as they have for months and years. These “investigations” claims are disingenuous on your part, at least. You have yet to report, despite providing you with the word-for-word documentation from DOS, that a former board member -- a source of yours, apparently -- lied in writing to a DOS official, something that could cost her her federal government job. Is that too a too-inconvenient fact? And, as one of your sources, does ethical journalism not demand that reporters/editors inform their readers of their sources' biases and improper actions that obviously color the sources' point of view?

4. The Board of Directors did not fire the CEO. *A small faction of the board attempted to fire me* using illegal maneuvers, including conducting secret meetings with a board faction led by former Board President Jenine Dunn. She/they failed to notify all board members about these illegal “special meetings,” failed to provide advance notice to all board members about the agenda for such “special meetings,” and failed to provide any minutes documenting what took place or was voted on in such meetings. And those meetings excluded members illegally removed by Dunn and included those who were never actually elected. You know how to spell attempted, illegal, c-o-u-p, right?

5. Nonetheless, at the Oct. 26, 2018 board meeting, there was a 6 to 3 vote in favor of Michael Johnson's motion to table any employment discussions about me until the Nov. 5, 2018 meeting. Ten members present, one abstained. The issue was officially tabled until the Nov. 5, 2018 meeting. But those present on Oct. 26 by a majority agreed that: 1) they had not actually terminated me; 2) they were tabling any further discussion of the issue until the Nov. 5, 2018 meeting (DOS attended that meeting); and 3) the board voted to assign legal counsel and Bylaws & Nominations Committee chair Michael Johnson to discuss the whole situation with me.

6. The summary of outside counsel's report providing a legal assessment of the elections of each board member to the tri-partite sector they represented was provided to DOS, the CAO's chief regulator on Dec. 14, 2018. While DOS did not comment on the status of individual board members who the report found were improperly elected, the DOS did state that the report revealed “actionable” matters for the board to consider and act on. The full board, in its Jan. 7, 2019 regular meeting, adopted the findings of the legal analysis and then acted on those findings, directing the agency's attorney to effect notices to those board members improperly elected that they were no longer on the CAO board.

7. Of course, the agency's main funding sources asked for the same kinds of documentation the CAO has provided to The Buffalo News. The CAO has kept its primary regulatory agencies apprised about the claims being made and circulated by the News. Despite the implication by the News to its readers that these reviews are rare, prompted by your articles or are somehow unusual, that is not the case, and you should explain that. DOS and HHS already received the agency's audit, which they receive every year. Any agency with which the CAO contracts can and has asked for information concerning the CAO routinely. This is not related to anything written in the News.

8. You continue to use as a red herring that "Despite its significant government funding, CAO operates as a nonprofit and is not legally required to open its meetings to the public..." Like this is something unusual, rare or improper? Most human-service-providing non-profits contract with various government agencies. Most are not required to open their meetings. Is that not something you should report for context? You keep trying to single out and isolate CAO as if it were some naughty outlier, when you could name dozens of other non-profits doing good work in our region who operate exactly the same way. That does not mean CAO is not completely transparent with all the government agencies with which we contract and routinely interact. They ask, we deliver. That may irk your desire to dig around in our business, but there is nothing, repeat nothing, wrong, improper or even questionable about it.

9. The News asserts that a "paper trail documents a months-long dissatisfaction with [me]." You reference a 2017 email by Dunn that the directors expected more financial information. You refer to an email in which Dunn appears to direct the CEO to generate financial statements for the board's review a week before each meeting, and, at the Jan. 3, 2018 board meeting, that Dunn asserts the board "met to discuss specifically their concerns about the failure to provide certain reports." And, that Dunn told me that if I did not present that month's financial report as required "you will face disciplinary action." First, *Dunn is not the boss or the supervisor of the agency CEO* -- and yet you seem to confer that title and power upon her in an obvious effort on your part to bolster the status of what you now understand to be a very biased and shaky source. The CEO reports to the board. Any action being represented as an action of the board *requires action by the board*, not by Jenine Dunn. This, again, is incomplete reporting and fits into your narrative unethically.

10. Nonetheless, I responded completely to the repeated assertions by Dunn and Jennifer Shank that they needed finance reports earlier. I proposed to the board, and the board accepted in October 2017, a timetable for submission of finance reports to the board's finance committee and to the regular board meetings. That procedure was adopted and implemented. There were incidents in which the finance reports were delayed by a day or two, due to a holiday or other circumstances, but they were consistently provided on time.

11. A copy of the Jan. 3, 2018 board meeting minutes is attached. They demonstrate that there was no "discussion specifically about their (the board's) concerns about the failure to provide certain reports." The board minutes for every board meeting for 2018 are attached. None reflect Dunn's assertion that "throughout 2017-2018, the board has had the need to discuss your performance." These are not assertions of the board. These are the assertions of Jenine Dunn, who continuously interfered with individual employees and repeatedly tried to micromanage the agency despite my admonitions of how improper her behavior was, and yet you pretend that her assertions reflected the will of the board. When the accounting firm supposedly hired to do a forensic audit learned that its attempted hiring had been by two individual board members, not by any vote or even a

discussion of the full board, it immediately stopped consideration of such work. You recall our refrain here? No audit started, therefore no audit halted.

12. In my immediate response to the attempt by this small dissident faction to terminate me, I addressed the assertions Dunn made on behalf of the faction she led. What I said in writing then is what I provided in my executive report to the board in the Nov. 5, 2018 meeting. I documented that every assertion made by Dunn was wrong on fact and substance. My report was accepted *unanimously* by the board, which included Dunn, Shank. Again, rank contradiction to your incomplete reporting. Since there was no action voted on by the full board calling for my termination, I asked for a meeting to address the issues directly.

13. Reflecting again the continuous interference in the agency's operation by Dunn and Shank, these board members claim to have hired a "forensic auditor" to study the CAO's financial records. There are no minutes of any meeting of the board at which the board voted to hire an auditor other than the independent auditor the board had already hired, via RFP, to audit the agency's financial records. [See, why don't you report on the released, valid audit above.] Dunn is being represented by the News as if her desires had board agreement and sanction. That is simply not true. If the board had approved an action, it would appear in the minutes of the board meetings. And has the News ever asked whether this board faction issued an RFP to hire a forensic auditor, as required by the CAO and its regulatory agencies? Does the News have any idea how much a full forensic audit would cost? Such an engagement could easily cost into the six-figures! Even if Dunn and her cadre could have hired an auditor, wouldn't the CAO have to have sent out an RFP for work costing that much? The CAO performs an above-board annual audit after hiring an auditor *by RFP* while Dunn and Shank claim CAO hired an auditor, with *no RFP*, no action by said auditors, no requests for any records from our financial department, and the CAO is at fault?! This aspect of your reporting is almost laughable.

14. The News asserts, again incorrectly, that "the board of directors, as it voted to fire Hare, also voted to hire a forensic auditor, *but, the firm's work was thwarted* when some of Hare's critics on the board were ousted. Ultimately, the firm was not able to do an audit." There are no records anywhere in which the board of the CAO voted to hire another auditor. If there were it would appear in the Nov. 5, 2018, Nov. 15, 2018, Dec. 20, 2018 or the Jan. 7, 2019 board or committee meetings. It would appear somewhere. It does not because it never happened. Asserting that the actions of a board faction that don't appear in any regular board meeting or committee meeting minutes are the actions of the "board of the CAO" is factually untrue and dishonest, and, again, merits correction.

15. The News continues to report the assertions by Dunn and Shank as representing the stated will of the CAO board, when these statements only reflect *the will of Shank and Dunn*. The claim that "As previously reported Dec. 21, 2018 by our board president, the board has acquired the services of an auditing firm and they will begin their audit engagement on Thursday, January 10, 2019," is another example of Dunn and Shank representing *their desires as if they were the will of the board*. And, again, where is their RFP? The board of the CAO never authorized these actions or any of their statements. The News reports Shank's statement that the "contract (for the forensic auditor) was never enacted because of our removal from the board." The contract was never enacted because no vote was taken by the CAO board to hire another auditor, no RFP for it was ever initiated or issued for such work, and, as explained earlier, as soon as the prospective accounting firm learned that the request came only from two renegade board members, it immediately halted any initial consideration of doing an audit.

16. Is the News aware and will it report that there were, indeed, board governance issues: *Dunn* actually issued notices literally “firing” several board members without proper notice or board vote. As a consequence of the manipulation of the consideration of new board candidates and her removal of existing board members under Dunn's leadership, CAO was becoming out of compliance with its tri-partite board structure.

17. The News reports that the “Department of State found fault with Dunn in her role as president.” What the Department of State actually said was that there were “actionable recommendations that are still pending the CAO board’s response.” Again, the News miss-characterizes important facts. Since the correspondence being referenced involves the state regulatory agency, the CAO will release that document with DOS authorization.

When I and the CAO board, and our many outraged supporters see the News shift to open, transparent and all-sides-told report[s], when it corrects in print its several and multiplied errors, maybe we can discuss more fully questions you may have.

We, as surely you, are getting tired of all the effort I and my staff have to put in each day to meet your demands and correct your errors. This does not encourage trust or cooperation. Thus this will be our final, detailed, response to your erroneous stories and editorials. We will, however, *transparently* post this compendium of facts on our web site and share it with the city's media outlets. If, however, you do stories in the future, we will do our best to comment on them. We do not trust you enough to think we will be treated fairly, but we certainly do not plan to give you free shots at the CAO by saying no comment.

L. Nathan Hare
CEO